

## Message Text

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45

ACTION EA-14

INFO OCT-01 ADP-00 SPM-01 EB-11 AID-20 IGA-02 AGR-20 IO-13

COME-00 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 RSR-01 /152 W

----- 063937

R 260305Z JUL 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8043

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 8904

FOLLOWING MEDAN TEL REPEATED YOUR INFORMATION:

R 250640Z JUL 73

FM AMCONSULATE MEDAN

TO AMEMBASSY JAKARTA 2081

TB

C O N F I D E N T I A L MEDAN 0214

E.O. 11652: GDS

TAGS: EAGR, ID

SUBJ: RICE SITUATION IN ACEH

LENGTHY CONVERSATIONS LAST WEEK WITH GOVERNOR MUZAKKIR WALAD AND RICE MARKETING EXPERT IBRAHIM HASSAN LEFT US WITH IMPRESSION THEY ARE UNEASY BUT NOT ALARMED ABOUT PROSPECTS FOR SOCIAL DISCONTENT SHOULD RICE PRICES CLIMB TO NEW HIGHS IN COMING MONTHS. PROVINCE'S SURPLUS OF SOME 50,000 MT (FAR BELOW SUPPOSED SURPLUS OF 100,000 MT JAKARTA CARRYING FOR ACEH) IS MOVING SOUTHWARD FAIRLY STEADILY TOWARD HIGHER PRICED MARKETS IN NORTH SUMATRA AND RIAU, A MATTER OF CONCERN TO PROVINCIAL GOVERNMENT BUT BEYOND ITS CONTROL. PRICES ARE ALREADY EXTRAORDINARILY HIGH IN ACEH (CIRCA 140 RUPIAHS IN CITIES) AND SCATTERED INCIDENTS OF UNREST REPORTED BUT NEITHER OFFICIAL

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EXPECTED ANYTHING MORE SERIOUS THAN FISTFIGHTS, ROCK THROWING

OR CLUMSY EFFORTS TO IMPEDE TRUCK TRAFFIC SOUTHWARD EVEN IF NEW PRICE SURGE DEVELOPED BEFORE NEXT HARVEST IN NOVEMBER/DECEMBER. PEASANTS ARE MAKING MONEY OFF HIGH MARKET PRICES, GOVERNOR SAYS, AND HE PREDICTS INTENSIVE PLANTING FOR NEXT SEASON IF REAL INCENTIVE OFFERED IN FORM OF DOUBLED FLOOR PRICE, ISA E. 52 RUPIAHS TO 100. HE IS RELATIVELY SANGUINE ABOUT ACEH'S ABILITY TO RIDE OUT THIS SEASON, DESPITE CURRENT PRICES ON HEELS OF HARVEST BECAUSE MUCH OF SURPLUS BEING STORED IN FORM OF PADDY, WHICH NOT SUBJECT TO CENTRAL GOVERNMENT'S BAN ON HOARDING MILLED RICE. IBRAHIM HASSAN, NEW RECTOR OF UNIVERSITY, CHAIRS PERMANENT STUDY ON RICE SITUATION AND MAKES DAILY RECOMMENDATIONS ALNOR. LATTER IS HOLDING CONVERSATIONS WITH HARRISONS- CROSSFIELDS AND OTHERS RE LARGE SCALE RICE ESTATES IN ACEH AND CLAIMS PUBLIC WORKS MINISTER SUTAMI PROMISED HIM FUNDS FOR EXTENSIVE IRRIGATION WORKS FOR EAST AND WEST COASTS. PROBLEM OF PRODUCTION IS ONE OF INCENTIVES AND INVESTMENT IN IRRIGATION, SEEDS AND FERTILIZER, BOTH MUZAKKIR AND IBRAHIM CONVINCED, AND CURRENT BAD SCARE FOR CENTRAL GOVERNMENT MAY LEAD TO THIS REALIZATION IN JAKARTA. IF NOT, THEY BELIEVE RECURRENT RICE CRISES WILL ERODE TECHNOCRATS' PRESTIGE BECAUSE NO MATTER HOW HIGH INDUSTRIAL INDEX AND FOREIGN EXCHANGE EARNINGS, ORDINARY MAN FOCUSES ON PRICE OF DIETARY STAPLE WHEN HE JUDGES SUCCESS OF GOVERNMENT PROGRAM. DION GALBRAITH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
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**Draft Date:** 26 JUL 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS GALBRAITH  
**Errors:** N/A  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
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**Review Date:** 23 NOV 2001  
**Review Event:**  
**Review Exemptions:** n/a  
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30 JUN 2005

**Review Media Identifier:**  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RICE SITUATION IN ACEH LENGTHY CONVERSATIONS LAST WEEK WITH GOVERNOR MUZAKKIR WALAD  
**TAGS:** EAGR, ID  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005